

## Minerals Management Service, Interior

## § 203.4

in a Notice to Lessees. We will periodically update the fees to reflect changes in costs as well as provide other information necessary to administer royalty relief.

### § 203.4 How do the provisions in this part apply to different types of leases and projects?

The tables in this section summarize how similar provisions in this part apply in different situations.

(a) Provisions relating to application content in §§ 203.51, 203.62 and 203.81 through 203.89.

Information elements	End-of-life lease	Deep water expansion project	Pre-act deep water lease
Administrative information report .....	x	x	x
Net revenue and relief justification report (prescribed format) .....	x		
Economic viability and relief justification report (Royalty Suspension Viability Program (RSVP) model inputs justified with Geological & Geophysical (G&G), Engineering, Production, & Cost reports) .....		x	x
G&G report .....		x	x
Engineering report .....		x	x
Production report .....		x	x
Deep Water cost report .....		x	x

(b) Provisions relating to verification in §§ 203.70, 203.81 and 203.90 through 203.91.

Confirmation elements	End-of-life lease	Deep water expansion project	Pre-act deep water lease
Fabricator's confirmation report .....		x	x
Post-production development report (approved by certified public accountant (CPA) .....		x	x

(c) Provisions relating to approval criteria contained in §§ 203.50, 203.52, 203.60 and 203.67.

Approval conditions	End-of-life lease	Deep water expansion project	Pre-act deep water lease
At least 12 of the last 15 months have the required level of production .....	x		
Already producing .....	x	x	
Well can produce .....			x
Royalties for qualifying months exceed 75 percent of net revenue (NR) .....	x		
Substantial investment (e.g., platform, multiple wells, subsea template) .....		x	
Determined to be economic only with relief .....		x	x

(d) Provisions related to redetermination in §§ 203.52 and 203.74 through 203.75.

Redetermination conditions	End-of-life lease	Deep water expansion project	Pre-act deep water lease
After 12 months under current rate, criteria same as for approval .....	x		
For material change in geologic data, prices, or costs .....		x	x

## § 203.50

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(e) Provisions related to the format of relief in §§ 203.53 and 203.69.

Relief rate & volume	End-of-life lease	Deep water expansion project	Pre-act deep water lease
One-half pre-application effective lease rate on the qualifying amount, 1.5 times pre-application effective lease rate on additional production up to twice the qualifying amount, and the pre-application effective lease rate for any larger volumes .....	x		
Qualifying amount is the average monthly production for 12 qualifying months .....	x		
Zero royalty rate on the suspension volume and the original lease rate on additional production .....		x	x
Field Suspension volume is at least 17.5, 52.5 or 87.5 million barrels of oil equivalent (MMBOE) .....			x
Amount needed to become economic .....		x	x

(f) Provisions related to discontinuing relief §§ 203.54 and 203.78.

Full royalty resumes when—	End-of-life lease	Deep water expansion project	Pre-act deep water lease
Average NYMEX price for last 12 months is at least 25 percent above the average for the qualifying months .....	x		
Average NYMEX price for last 12 months exceeds \$28/bbl or \$3.50/mcf, escalated by the gross domestic product deflator since 1994 .....		x	x

(g) Provisions related to the end, loss or reduction of relief in §§ 203.55 and 203.76.

Relief withdrawn or reduced	End-of-life lease	Deep water expansion project	Pre-act deep water lease
Recipient so requests .....	x		
Lease rate is at the effective rate for 12 consecutive months .....	x		
Conditions that we may specify in the approval letter in individual cases actually occur .....	x		
Not submitting post-production report that compares expected to actual costs .....		x	x
Change of development system .....		x	x
Excess delay in starting fabrication .....		x	x
Spending less than 80 percent of proposed pre-production costs but notifying us in post-production report .....		x	x
Amount of relief volume is produced .....		x	x

### Subpart B—OCS Oil, Gas, and Sulfur General

SOURCE: 63 FR 2618, Jan. 16, 1998, unless otherwise noted.

#### ROYALTY RELIEF FOR END-OF-LIFE LEASES

#### § 203.50 Who may apply for end-of-life royalty relief?

You may apply for royalty relief in two situations.

(a) Your end-of-life lease (as defined in § 203.2) is an oil and gas lease and has average daily production of at least 100 barrels of oil equivalent (BOE) per month (as calculated in § 203.73) in at least 12 of the past 15 months. The most recent of these 12 months are considered the qualifying months. These 12 months should reflect the basic operation you intend to use until your resources are depleted. If you changed your operation significantly (e.g.,